

AR34

# General Motors Corporation Annual Report for 1977







*Cadillac Fleetwood Brougham Sedan*

#### **Contents**

Letter to Stockholders	2
Review of Operations	4
People of GM	11
Financial Review	12
Consolidated Financial Statements	16
Notes to Financial Statements	19
Accountants' Report	23
Supplementary Information	24
Board of Directors	26
Committees of the Board, Officers	28

#### **S.E.C. Form 10-K**

Common stockholders (including beneficial owners) may obtain a copy of the General Motors Corporation Annual Report to the Securities and Exchange Commission on Form 10-K after April 1, 1978. Requests should be addressed to: Manager, Stockholder Relations, General Motors Corporation, Room 11-229, 3044 West Grand Boulevard, Detroit, Michigan 48202, 313-556-2044.

#### **The Annual Meeting of Stockholders**

will be held on May 19, 1978 in Detroit, Michigan.

It is expected that proxy material will be sent to stockholders beginning about April 14, 1978, at which time proxies for use at this meeting will be requested.

#### **Principal Offices**

General Motors Corporation  
(a Delaware Corporation)  
3044 West Grand Boulevard  
Detroit, Michigan 48202  
767 Fifth Avenue  
New York, New York 10022

#### **Stock Transfer Offices**

767 Fifth Avenue  
New York, New York 10022  
3044 West Grand Boulevard  
Detroit, Michigan 48202  
21 King Street, East  
Toronto, Ontario M5C 1B3, Canada  
1350 Sherbrooke Street, West  
Montreal, Quebec H3G 1J1, Canada

#### **Covers**

**FRONT:** (top) Oldsmobile Cutlass Salon Brougham Sedan,  
Chevrolet Monte Carlo Landau Coupe

**BACK:** (top) Pontiac Grand LeMans Safari,  
Buick Regal Sport Coupe

Major Photography: Bill Ray



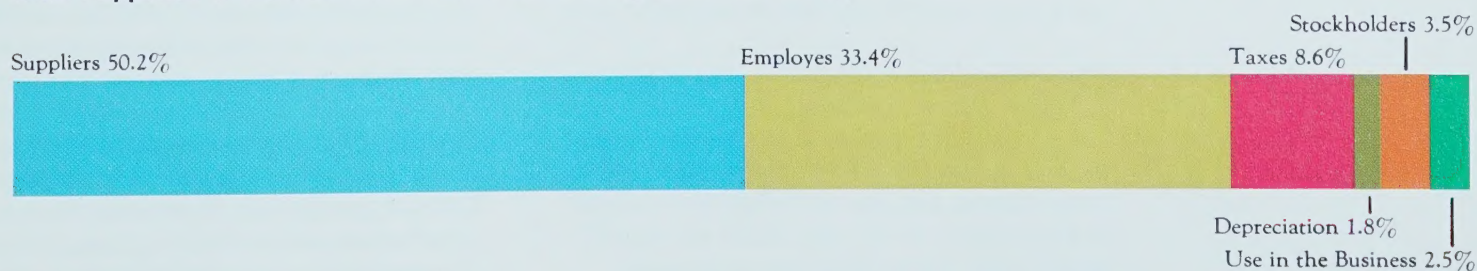
# Highlights

(Dollars in Millions Except Per Share Amounts)

		1977	1976	1973*
<b>Sales of all Products</b>	United States operations			
	Automotive products	\$44,317.0	\$37,069.6	\$28,116.6
	Nonautomotive products	2,795.2	2,277.0	1,938.8
	Defense and space	438.8	438.1	316.4
	Total United States operations	47,551.0	39,784.7	30,371.8
	Canadian operations	5,743.9	5,263.0	3,116.0
	Overseas operations	8,399.1	7,495.2	5,779.0
	Elimination of intercompany sales	( 6,732.7)	( 5,361.9)	( 3,468.5)
	<b>Total</b>	<b>\$54,961.3</b>	<b>\$47,181.0</b>	<b>\$35,798.3</b>
<b>Worldwide Factory Sales of Cars and Trucks</b>	(units in thousands)	9,068	8,568	8,684
<b>Net Income</b>	Amount	\$ 3,337.5	\$ 2,902.8	\$ 2,398.1
	As a percent of sales	6.1%	6.2%	6.7%
	As a percent of stockholders' equity	21.2%	20.2%	19.1%
	Earned per share of common stock	\$11.62	\$10.08	\$8.34
	Dividends per share of common stock	\$ 6.80	\$ 5.55	\$5.25
<b>Taxes</b>	United States, foreign and other income taxes	\$ 2,934.2	\$ 2,567.8	\$ 2,115.0
	Other taxes (principally payroll and property taxes)	1,809.7	1,492.0	1,090.7
	<b>Total</b>	<b>\$ 4,743.9</b>	<b>\$ 4,059.8</b>	<b>\$ 3,205.7</b>
	Taxes per share of common stock	\$16.58	\$14.16	\$11.21
<b>Investment as of December 31</b>	Working capital	\$ 7,630.3	\$ 7,556.6	\$ 6,196.9
	Stockholders' equity	\$15,766.9	\$14,385.2	\$12,566.8
	Book value per share of common stock	\$53.82	\$49.02	\$42.71
<b>Number of Stockholders as of December 31</b>	(in thousands)	1,245	1,251	1,306
<b>Worldwide Employment</b>	Average number of employees (in thousands)	797	748	811
	Total payrolls	\$15,270.8	\$12,908.5	\$10,308.5
<b>Property</b>	Real estate, plants and equipment—Expenditures	\$ 1,870.9	\$ 998.9	\$ 1,163.4
	—Depreciation	\$ 974.0	\$ 939.3	\$ 902.9
	Special tools—Expenditures	\$ 1,775.8	\$ 1,308.4	\$ 941.0
	—Amortization	\$ 1,406.4	\$ 1,296.9	\$ 1,081.0

\*For comparative purposes, results are shown for 1973 when the previous record for factory unit sales was established.

## What Happened to the Revenue GM Received During 1977 Total 100.0%





# Letter to Stockholders

February 14, 1978

**F**or General Motors and the automobile industry, 1977 was a year of achievement—in many cases of record achievement. The measures of success were not only the conventional guides of production, sales, employment, payrolls, products, and earnings, but also progress in meeting national goals.

In the United States, the industry's record sales reflected and reinforced the upward momentum of a national economy which grew throughout the year even though dogged by persistent uncertainties about the government's energy, environmental, and economic policies.

The performance of General Motors fulfilled all but the most optimistic forecasts. It was the second consecutive year of new GM highs in dollar sales, net income, earnings per share, dividends, and payrolls. However, inflation has figured significantly in the continued escalation of costs which we have been unable to fully recover in the marketplace. This has served to depress GM's 1977 profit margin to 6.1%, compared with 6.2% in 1976, 6.7% in 1973, and 10.3% in 1965. When our performance is measured in dollars of constant purchasing power, the erosion of GM's profitability by inflation is indicated in dramatic fashion. Specifically, GM's real net income in 1977 was only 2% more than in 1973—even though 1977's real dollar sales were 13% higher. Further, over a longer time period, real net income in 1977 was 18% below 1965, despite a 38% increase in real dollar sales.

**B**ut, while dollar comparisons can be illusory, there was no gainsaying the industry's and GM's continuing growth. It can be seen in the mounting numbers of vehicles sold not only in the United States, but also in Canada and outside North America. In the case of GM, worldwide factory sales of 9.1 million cars and trucks surpassed a record that had stood since 1973.

The desire and need for automotive transportation continued to increase in 1977, but so did concern about the availability of transportation's one essential ingredient, energy. The need for energy, the cost of it, and the question of how best to assure more of it—was in the forefront of public attention. This was especially true in the United States but, notwithstanding all the discussion and debate, the year saw little action to increase the nation's energy supplies.

There was, however, notable progress in energy conservation. This came in significant part from the production of millions of remarkably fuel-efficient motor vehicles, the latest handiwork of massive redesign programs by the American manufacturers. Measured simply in the dollars it costs—whether inflated or real—this redesign of the American automobile will exceed even the Apollo space program that carried men to the moon. This dramatic overhaul of already successful products in the hope of satisfying the changing demands of millions of individuals—and at the same time meeting ever-tightening governmental standards—has been called the biggest and most expensive new-product program in industrial history.

General Motors is leading the effort. The first American manufacturer to act upon its perception of changing market requirements, GM introduced the international-size Seville and the subcompact Chevette in 1975. These were followed in 1976 by the redimensioned family-size 1977 models, and GM's investment in this new generation of trimmer, more fuel-efficient cars was rewarded with resounding marketplace success.

The next step was taken this past fall when GM's equally innovative 1978 mid-size models came to market. Other fuel-saving additions to the 1978 product line-up were a diesel engine, a turbocharged V6 engine, and an immediately popular four-door Chevette. The strong initial response of the American customer to the 1978 line-up helped to make the last three months of 1977 the best fourth quarter in GM history. These more fuel-efficient cars were also good news for the cause of energy conservation. The improvement in passenger car fuel economy achieved by GM over the last four model years reached 58% on a fleet average basis. If every industry could equal the savings of the automobile industry, the nation's dependence on foreign sources of energy would



be materially reduced. GM's product programs for the balance of this decade and the 1980's promise further important progress.

Unfortunately, our progress in energy conservation has not been matched by an expansion of domestically-produced energy supplies. This vital objective lies outside the province of the auto industry, but certainly not outside our concern. A comprehensive national energy policy relying more on the market mechanism, for which we have been calling since before the oil embargo of 1973, is yet to be enacted. Its impact on the economy would be dramatic, and its passage would also be welcomed as another step toward ending the prolonged uncertainties about government policy which have bedeviled the industry and the entire economy in recent years.

The past year did see some long overdue clarifications. The Clean Air Act Amendments of 1977 finally established a firm schedule for future auto emission standards. These standards are demanding and costly, but General Motors believes they can be met and we will work to keep costs to a minimum. More clarification came with the Administration's decision to require passive restraint systems—either automatic safety belts or air cushions—on new cars beginning with the 1982 model year. We plan to act before the mandate for passive restraints becomes effective by introducing an automatic safety belt system as optional equipment during 1978. Some current proposals for future gas-mileage regulations—particularly for light trucks—pose serious problems because of their overstringency and short lead time. But more than in any recent time, General Motors is able to work toward clearly defined objectives in the important areas of emission control, passenger safety, and fuel economy.

The record sales performance in 1977 resulted in new peaks in General Motors payrolls. In the United States, our affirmative action programs and improved employment opportunities resulted in record numbers of women and minorities being employed both in blue-collar and white-collar categories, as well as significant advances in upward mobility.

Even as we help to meet national goals, General Motors is acting upon its conviction that the satisfaction of the individual customer is the basic building block of our success. To achieve greater

customer satisfaction in 1977, we established a Consumer Relations and Service Staff headed by a vice president, and a Service Policy Group composed of the Executive Committee and other officers of the Corporation. To help assure future customer satisfaction, GM made capital expenditures aggregating \$3.6 billion in 1977—and plans to spend an even greater amount in 1978. We also continued to plan the new and innovative GM products of the future. All these efforts have customer satisfaction as their primary goal, because we know it remains, as always, the essence of successful competition in free enterprise.

The industry's continuing achievements in safety, emission control, and fuel conservation make us confident that the 1970's will be recorded as the decade in which the automobile came to terms with its environment—and without significant sacrifice of its capacity to move the people and the goods of the world. We see 1978 as a year of continued economic growth and consequently of excellent prospects for the motor vehicle industry. We expect both General Motors and the industry to set new sales records in the United States and elsewhere in the world. We believe industry sales in the United States alone could reach 11.75 million cars and 3.75 million trucks, both records in themselves and a total that would be 4% above the 1977 record.

We know that our competitors all around the world will continue to be resourceful and aggressive. Yet, we are determined to maintain and enlarge, if we can, the leadership role of General Motors. To you, the owners of our business, your management pledges its dedicated efforts toward another year of achievement and progress for our Corporation.

*Prepared and submitted by Order of  
the Board of Directors.*

  
Chairman

  
President



## Review of Operations

Worldwide sales of General Motors vehicles in 1977 were at record levels. This attests to the appeal of our products in a highly competitive marketplace marked by changing customer needs and tastes. Worldwide retail sales of 8.9 million GM passenger cars and trucks were 7% above 1976, and 6% over the previous record set in 1973. GM accounted for 24% of the estimated 36.6 million passenger cars and trucks sold worldwide\* in 1977. These total unit sales were up 8% from 1976.

### GM Sets U.S. Retail Sales Records

During 1977, industry-wide car and truck sales (including imports) in the United States totaled 14.9 million units, 12% over 1976 and 2% above the previous high recorded in 1973.

In the United States, retail sales of 5.2 million GM passenger cars in 1977 were a new record, exceeding 1976 sales by 8% and the previous 1973 record by 1%. Oldsmobile, Buick, and Cadillac each set new sales records; Pontiac

showed a 7% gain over 1976; and Chevrolet posted an 8% increase.

Retail deliveries of 1.5 million GM trucks set a record for the second year in a row, surpassing the 1976 record by 9%. Chevrolet and GMC Truck & Coach each set a new record for retail truck sales in 1977, taking advantage of the continuing strong demand for light-duty trucks and vans. GMC Truck & Coach will end production of luxury motor homes and use those plant facilities to build more GMC and Chevrolet trucks.

There was strong demand throughout the year for GM's redesigned, fuel-efficient family-size cars. The introduction of 1978 models this past fall included the redesigned, more fuel-efficient mid-size models, as well as the expanded line of Chevette models. A four-door hatchback Chevette was added to the two-door models, and Chevette prices were reduced in a competitive response to the challenge of foreign subcompacts. In the final quarter of 1977, the sales performance of the 1978 Chevette was about double that of a year earlier.

---

\*Estimated data exclude the Soviet Union, Eastern Europe, and the People's Republic of China. Combined vehicle sales in these areas totaled approximately 3.9 million units in 1977.

*Chevrolet Malibu Classic Sedan*





### **GM of Canada Posts Record Retail Sales**

Retail sales of 387,000 passenger cars by GM of Canada dealers reached record levels in 1977, exceeding 1976 sales by 4%. Sales of 150,000 GM trucks were up 3% over 1976 and established a new record as well. Combined General Motors car and truck sales in Canada established a record for the fifth consecutive year.

Industry-wide retail sales of cars and trucks in Canada also set a record in 1977. Car sales totaled 993,000 units, a 5% increase over 1976, and up slightly over 1975, the previous record year. Truck sales of 350,000 units were 3% above the previous high set in 1976.

### **Overseas Retail Sales Set Records**

Sales of General Motors vehicles overseas set new records during 1977 despite mixed economic conditions. Combined deliveries of 1.7 million units were up 2% over 1976, the previous record year.

Vehicle sales by all manufacturers overseas (excluding sales in the Soviet Union, Eastern Europe, and the People's Republic of China) increased by 1.1 million units in 1977 to 20.4 million. GM accounted for about 8.5% of the total sales, down slightly from 1976.

GM's strongest overseas showing was in Europe. Combined retail sales of cars and trucks by GM's European subsidiaries totaled 1.1 million units in 1977, an increase of 4% over 1976. In the Federal Republic of Germany, Adam Opel AG established a retail sales record of 500,000 units, up 6% over 1976. Opel introduced its all-new Rekord passenger car and will introduce three new Opel models during 1978.

Retail sales of Vauxhall cars and Bedford trucks in the United Kingdom

totalled 167,000 units, an increase of 9% from 1976 despite a five-week strike of skilled workers, which cut production by some 23,000 units.

In other parts of Europe, GM retail sales amounted to 425,000 units, a slight increase over 1976.

During 1977, GM also expanded its position in Eastern Europe by forming a joint venture in Yugoslavia for a foundry and machining plant and by completing a general cooperation agreement with Bulgaria permitting sales of GM heavy-duty trucks in that country.

In Australia, New Zealand, and East Asia, retail car and truck sales by GM totaled 186,000 units, a 9% decrease from 1976. Retail sales of 129,000 units by GM-Holden's Limited were 16% below 1976 and reflected reduced economic activity and the impact of Japanese competition.

Economic conditions in Latin America were mixed during 1977. In Brazil, high inflation, unemployment, and tightened government fiscal policies had a negative effect on the automobile industry, with General Motors sales dropping 10% from 1976, to 157,000 units. In Argentina, however, GM's retail sales totaled 20,000 units, up 48% from 1976. In other Latin American countries, GM's 1977 retail sales totaled 112,000 units, an increase of 9% from 1976.

GM sales in the Middle East and Africa totaled 148,000 units, an increase of 4% over 1976. Because of a downturn in the economy of South Africa, General Motors South African (Pty.) Limited delivered 28,000 cars and commercial vehicles, 28% below 1976 sales. In 1977, General Motors Kenya Limited opened a new truck assembly plant.

*Buick Riviera Coupe*





*Electro-Motive SD40-2 Diesel Locomotive*



### **Continued Gains in Fuel Economy**

An estimated 58% improvement in passenger car fuel economy has been achieved over the last four model years by GM on a fleet average basis. This dramatic increase has paid off in significant dollar savings for the customer, as well as substantial energy conservation for the nation. Our 1978 cars are expected to achieve a production-weighted average fuel economy of about 19 miles per gallon, surpassing the required 18 mpg Federal standard. These figures are based on the Environmental Protection Agency's combined city/highway driving laboratory test data.

GM's trimmed-down family- and mid-size cars, complemented by smaller engines, the new diesel engine available on Oldsmobile 88 and 98 models and on some Chevrolet and GMC light-duty trucks, and the new turbocharged V6 engine available on two Buick models, are all helping to fulfill GM's commitment to offer the American public a choice of fuel-saving cars.

Impressive as these fuel-economy gains are, GM and other manufacturers still have a long way to go in a relatively short time. The Energy Policy and Conservation Act of 1975 and subsequent Department of Transportation interim standards call for a rapid increase in fuel economy from the required average of 18 mpg in 1978 all the way to the 27.5 mpg mandated for 1985. Our success in meeting these standards will depend upon customer acceptance of new, more fuel-efficient designs.

### **New Emission Standards**

Passage of the Clean Air Act Amendments of 1977, which revised auto emission standards for 1978 through 1981 models and beyond, reduced the uncertainties which have existed in this area for several years.

The revised standards extend the 1977 exhaust limits through model years 1978 and 1979. For model year 1980, the hydrocarbons (HC) and carbon monoxide (CO) limits have been tightened, while the oxides of nitrogen (NOx) standard will remain unchanged. For the 1981 and succeeding model years, the HC limit will be unchanged, but CO and NOx will be reduced from the 1980 limits.

We believe our technological advances of the past few years have brought us to the threshold of removing the automobile as a significant factor in air pollution. We expect to be successful in meeting the revised standards while, at the same time, performing the difficult task of improving fuel economy. However, it should be recognized that we are working on the final and most difficult part of the clean-up program and that the requirements for 1981 and beyond still present a substantial technological challenge. Unfortunately, these gains in cleaner air and greater fuel economy also carry some cost penalty to the consumer, but we are working to keep this to a minimum.

### **Passive Restraints to be Offered**

The Secretary of Transportation has announced that passive restraints will be required for all new cars by the 1984 model year. The Federal program specifies a three-year transition period, starting with 1982-model family-size cars.

GM announced that it will offer to the public both air cushions and automatic safety belt options on selected models in advance of the proposed





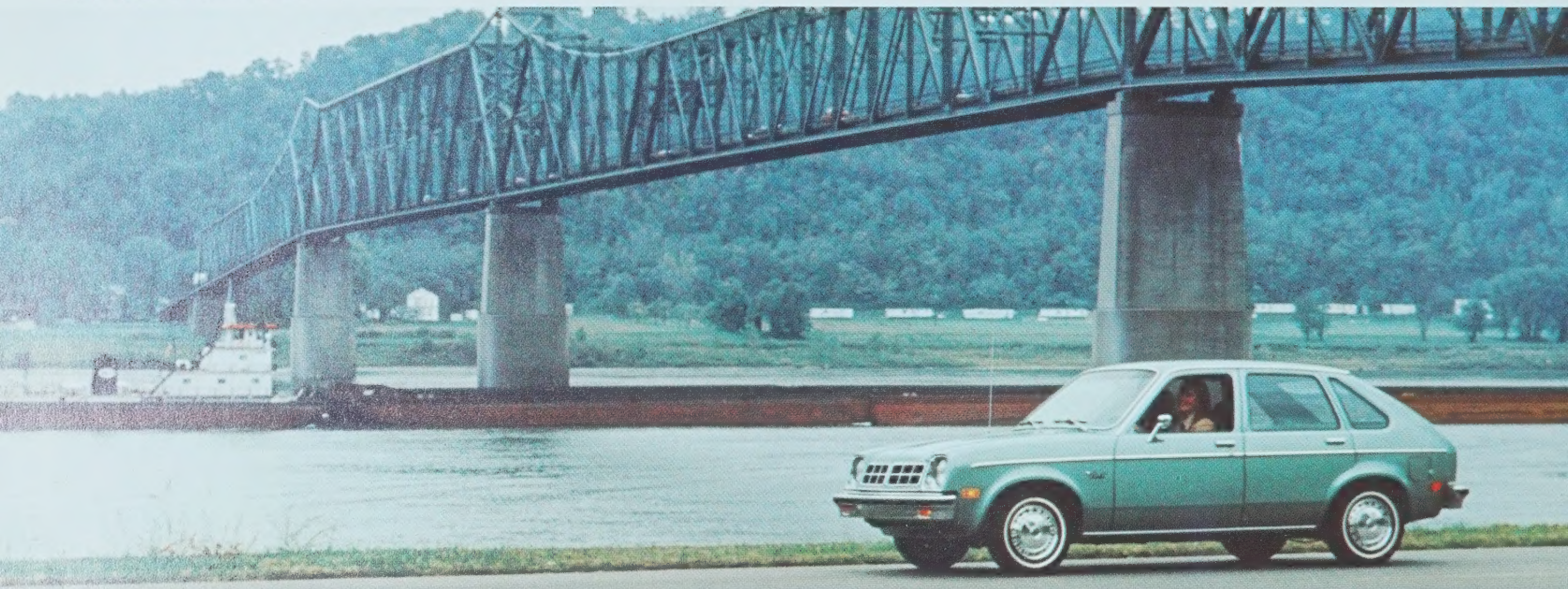
*Chevrolet Caprice Classic Sedan*



*Pontiac Bonneville Brougham Sedan*



*Chevrolet Chevette Hatchback Sedan*



Federal requirements. We expect to offer optional air cushions in all 1981-model family-size cars—one year in advance of the requirements. We also plan to offer automatic safety belts as options on certain car lines, with the first system to be available during 1978.

#### **Sales of Power and Appliance Products Improve**

Sales of GM's power and appliance products in 1977 were generally above 1976.

Detroit Diesel Allison's medium- and heavy-duty automatic transmissions continued to gain acceptance in truck and bus applications, as 1977 unit sales increased for the seventh consecutive year. In addition, sales of diesel engines were up 39% over 1976, primarily due to improved sales of heavy-duty trucks. To meet the growing demand for diesel

engines, the Division is increasing its domestic engine capacity to 150,000 units annually.

Electro-Motive Division improved most areas of its business in 1977. An upturn in the demand for domestic locomotives resulted in record dollar sales for the Division and a return to normal employment levels. An exception to the improved performance was a drop in sales of locomotives exported to developing countries where economic conditions have caused a lull in capital-equipment purchases.

Unit sales of TEREX equipment increased 7% over 1976, the result of a growing demand for earth-moving equipment for mining and energy-related projects, particularly in North America. New TEREX products for 1977 included two 24-yard capacity, all-wheel drive scrapers and a 150-ton capacity bottom-dump coal hauler.

Frigidaire unit sales in 1977 were 7% above 1976, reflecting the gradual recovery in the appliance industry following the prolonged recession levels of 1973 through 1976.

#### **Capital Investment Program at Record Levels**

GM's capital investment program, the largest ever undertaken by any industrial company, demonstrates a confidence in the national economy and in the future of the automobile industry. In the five-year period ending in 1980, GM will have invested more than \$15 billion worldwide for plants and tools to resize virtually the entire product line to make GM vehicles more fuel efficient.

During 1977, GM spent a record \$3.6 billion for plant facilities and special tools. This was 43% above the previous peak established in 1974 and 65% above the 1972 to 1976 average. Approximately 83% of the 1977 capital expenditures was in the U.S. Looking ahead, spending in 1978 and 1979 is expected to be at even higher levels.

In addition to major expansion or modernization projects now under way at several Michigan plants, other capital



expenditure projects announced during 1977 include: resumption of construction of a major new assembly plant at Oklahoma City, Oklahoma; the acquisition of a plant in Three Rivers, Michigan, to produce automatic transmissions and components; the construction of new component parts plants in Rochester, New York, Wichita Falls, Texas, and Athens, Alabama; and extensive renovation and expansion of the transmission plant in Windsor, Ontario, Canada. Construction has also started on a new assembly plant in Shreveport, Louisiana.

#### LITIGATION

General Motors has reached agreement with the attorneys general of 45 states to settle their litigation concerning adequate disclosure to consumers of the interdivisional usage of General Motors engines. The settlement is consistent with continuation of GM's long-standing practice of using engines and components produced by the Corporation's various divisions and subsidiaries, as well as by outside suppliers, in automobiles marketed by General Motors divisions. This practice is lawful and proper and has not damaged any purchasers. Agreement was reached in the belief that disposing of these law suits without additional expense and demands of full-scale litigation in numerous jurisdictions was in the best interest of General Motors' stockholders, its dealers, and the customers involved.

The settlement agreement provides that the attorneys general will termi-

nate any engine litigation they have pending against General Motors and General Motors dealers and that GM will appropriately identify the source of the engines in its automobiles. Subject to necessary court approvals, General Motors has agreed to offer a \$200 payment and a transferable 36-month, or 36,000-mile, insurance certificate on the power train to eligible owners of 1977 Buick, Oldsmobile, and Pontiac passenger cars equipped with V8 engines produced in Chevrolet plants and purchased from a franchised General Motors dealer on or before April 10, 1977. The Corporation is preparing to defend the remaining litigation in this matter.

The Federal grand jury investigation, which began last spring, stemming from the Internal Revenue Service audit in 1976, is continuing in Detroit.



*Oldsmobile Omega Brougham Coupe*





*Oldsmobile Delta Royale Coupe*



*Buick Electra Limited Coupe*





## People of GM

### Worldwide Payrolls at Record Levels

GM's average worldwide employment in 1977 totaled approximately 797,000 men and women, with payrolls amounting to a record \$15.3 billion. In comparison, average worldwide employment in 1976 was 748,000 and payrolls totaled \$12.9 billion. For the 1977 fourth quarter, worldwide employment averaged 846,000 and payrolls were \$4.0 billion, compared with 792,000 and \$3.5 billion in the fourth quarter of 1976.

### Benefit Plan Contributions

GM's contributions for employee benefit programs in the U.S. totaled a record \$3.2 billion in 1977, compared with the previous high of \$2.4 billion reached in 1976. Of this total, pension plan contributions amounted to \$1.1 billion, while the cost of providing health care coverages reached \$1.2 billion. The cost of other benefit programs such as life insurance, sickness and accident, Supplemental Unemployment Benefits, and the Savings-Stock Purchase Program amounted to \$0.9 billion.

### Hourly-Rate Employees

Average U.S. hourly-rate employment in 1977 was 440,000 and payrolls totaled \$9.3 billion, compared with 403,000 and \$7.7 billion in 1976. Hourly wages—including items such as holiday and vacation pay, but excluding benefit plan costs—averaged \$9.64 per hour worked,

compared with \$8.72 in 1976. Including benefit costs, GM's average hourly labor cost in 1977 amounted to more than \$12.50 per hour worked, compared with approximately \$11.20 in 1976.

### Equal Employment Opportunity

General Motors continued to make substantial progress in both the employment and upward mobility of minorities and women. At year-end 1977, percentages of minorities and women employed by GM in both white-collar and blue-collar categories reached record highs. Minorities represented nearly 20% of GM's total work force in the U.S., including 11% of white-collar employees and 22% of blue-collar employees. Similar progress has been made in the employment of women. At the end of 1977, women represented almost 18% of GM's total work force in the U.S., including 21% of white-collar employees and 17% of blue-collar employees.

### BOARD OF DIRECTORS

Since our last Annual Report, GM has elected four new Board members: Anne L. Armstrong, former U.S. Ambassador to Great Britain; Shearon Harris, Chairman, Carolina Power & Light Company; Raymond H. Herzog, Chairman, Minnesota Mining and Manufacturing Company; and Edmund T. Pratt, Jr., Chairman of Pfizer Inc. Mrs. Armstrong and Mr. Harris were

elected members of the Public Policy Committee. In addition, Mrs. Armstrong and Mr. Pratt were elected to the Audit Committee.

Two members of the Board did not stand for re-election in 1977 under the Board's retirement policy: James M. Roche, former GM Chairman, who had served the Corporation with distinction for nearly 50 years and who had been a Director since 1962; and Harllee Branch, Jr., former Chairman, The Southern Company, and a valued member of the GM Board since 1965.

We were saddened by the death of Gerald A. Sivage, former President and a Director of Marshall Field & Company, who died on September 26, 1977. Mr. Sivage had served as a GM Director since 1970. He had been a member of the Nominating Committee and Chairman of the Board's Public Policy Committee. Catherine B. Cleary was subsequently designated Chairman of the Public Policy Committee.

We were also saddened by the deaths of two former Directors and Presidents of General Motors—John F. Gordon and Edward N. Cole. Mr. Gordon retired in 1965 after 42 years of service, the last seven of which were as President. Mr. Cole served as President from 1967 to 1974, when he retired after 44 years of service.



## Financial Review

### Factory Sales

Worldwide vehicle factory sales of 9,068,000 cars and trucks in 1977 were the highest in GM's history, 4% above the previous record set in 1973.

### Dollar Sales

Worldwide dollar sales of GM products in 1977 were a record \$55.0 billion, compared with \$47.2 billion in 1976, the previous record year.

During 1977, worldwide price increases represented slightly less than half of the \$7.8 billion increase in worldwide dollar sales. However, in spite of intensive cost-reduction efforts, cost increases continued to exceed price increases and this has resulted in reduced profit margins.

The table at the left reflects the percentage contribution to GM's total worldwide dollar sales, before elimination of intercompany sales, by U.S., Canadian, and overseas operations.

### Earnings

Net income in 1977 totaled \$3,337.5 million and earnings on common stock were \$11.62 per share, compared with the previous highs of \$2,902.8 million

and \$10.08 per share, respectively, established in 1976.

Net income estimated to be attributable to U.S. operations in 1977 was 89% of total net income, compared with 82% in 1976. Approximately 95% of the 1977 U.S. net income was accounted for by automotive products. Net income estimated to be attributable to Canadian operations was 3% in 1977, compared with 6% in 1976. Overseas operations contributed an estimated 8% of net income in 1977, compared with 12% in 1976.

The increase in earnings during 1977 of \$1.54 per share, compared with 1976, is more than accounted for by higher volume and improved product mix (including increased sales of optional equipment) amounting to about \$3.00 per share. Partially offsetting the favorable volume and mix effect were economic cost increases not fully recovered in price and higher costs for special tools and facilities associated with new-model programs. Comparing 1976 with 1975, the increase of \$5.76 per share was principally accounted for by higher volume and improved product mix amounting to about \$4.50 per share. The balance of

**GM Factory Sales** (Units In Thousands)

	CARS			TRUCKS		
	1977	1976	1973	1977	1976	1973
U.S.	5,259	4,883	5,251	1,436	1,335	1,261
Canada	519	477	443	258	238	137
Overseas*	1,313	1,358	1,308	283	277	284
<b>Total</b>	<b>7,091</b>	<b>6,718</b>	<b>7,002</b>	<b>1,977</b>	<b>1,850</b>	<b>1,682</b>

\*Includes units manufactured by Isuzu Motors Limited under contract for and marketed by General Motors.

**Percentage of Total GM Dollar Sales**

	1977	1976	1973
U.S.	77%	76%	77%
Canada	9	10	8
Overseas	14	14	15

*Chevrolet Nova Custom Sedan*







*Chevrolet Beloville Station and 2nd St. N. 1st St.*



*GMC Astro 44 and HT 44*



*Pontiac Sunbird Sport Hatch*



the increase reflected improved efficiencies in all areas of the business which more than offset the impact of rising costs not fully recovered in price.

In spite of the increase in earnings per share in 1977, net income as a percent of sales dropped to 6.1% in 1977 compared with 6.2% in 1976, 6.7% in 1973 (when the previous unit sales record was established) and 10.3% in 1965. This decrease in profit margin primarily reflects the continued escalation of costs in excess of price recovery.

#### **Financing and Insurance Operations**

GM's financing and insurance operations, represented by General Motors Acceptance Corporation and its subsidiaries, reported a record consolidated net income for 1977 of \$205.4 million, a 27% increase over 1976 income of \$161.2 million. This substantial increase reflects principally the higher levels of financing receivables and increased insurance premiums written in all lines of business, partially offset by higher average interest rates worldwide on the borrowings required to support the increased level of financing business.

#### **Dividends**

General Motors paid a record year-end dividend of \$3.25 per share in the 1977 fourth quarter, compared with the previous record of \$3.00 per share in 1976. This dividend distribution totaled approximately \$928.3 million, the largest single dividend distribution in GM's history. Total dividends paid on common stock were a record \$6.80 per share in 1977, compared with the previous record of \$5.55 per share paid in 1976.

In the fourth quarter, the regular dividend rate was increased to \$1.00 per share from the \$0.85 per share rate established in 1966.

#### **Taxes**

The provision for United States, foreign and other income taxes in 1977 was \$2,934.2 million, compared with \$2,567.8 million in 1976 and \$2,115.0 million in 1973. Together with other state and local taxes and General Motors' share of payroll taxes, the total tax provision in 1977 was \$4,743.9 million, compared with \$4,059.8 million in 1976 and



\$3,205.7 million in 1973. In 1977, the total tax provision was equivalent to \$1.42 for every dollar of net income and \$16.58 per share of common stock, compared with \$1.40 for every dollar of net income and \$14.16 per share in 1976 and \$1.34 and \$11.21, respectively, in 1973.

#### Plants, Equipment and Special Tools

Worldwide expenditures for plants and equipment totaled \$1,870.9 million in 1977 and provided for capacity expansion, modernization, plant replacements, and new-model programs. Of these expenditures, approximately 87% were made in the United States, 6% in Canada and 7% overseas. In 1976, worldwide spending for plants and equipment totaled \$998.9 million.

Depreciation charged to income in 1977 was \$974.0 million, compared with \$939.3 million in 1976.

Expenditures for special tools were \$1,775.8 million in 1977 and \$1,308.4 million in 1976. Tool amortization amounted to \$1,406.4 million in 1977 and \$1,296.9 million in 1976.

#### Common Stockholders' Equity

The equity of the holders of General Motors common stock is represented by the common stock, capital surplus, and net income retained for use in the business. This amounted to \$15,483.3 million at the end of 1977, compared with \$14,101.6 million at the end of 1976. Book value per share of GM common stock increased to \$53.82 at the end of 1977, from \$49.02 at the end of 1976. Net income as a percent of stockholders' equity was 21.2% in 1977, compared with 20.2% in 1976.

#### Working Capital

Working capital at December 31, 1977 totaled \$7,630.3 million, an increase of \$73.7 million over the \$7,556.6 million at December 31, 1976. The increase in 1977 is due primarily to the \$1,379.8 million excess of net income over dividends paid to stockholders, partially offset by the \$1,241.8 million increase in net property. A statement setting forth the change in working capital by element appears on page 18.

#### Fourth Quarter Results

For the fourth quarter of 1977, new highs were established for unit and dollar sales, net income, and earnings per share of common stock. The increase in earnings of \$0.49 per share in the fourth quarter of 1977 over the comparable 1976 period resulted entirely from increased unit volume and an improved mix of products sold.

Fourth Quarter		
	1977	1976
Worldwide Factory Sales (in thousands)	2,385	2,291
Dollar Sales (in millions)	\$15,101.0	\$13,070.1
Net Income Amount (in millions) As % of Sales	\$935.5 6.2%	\$796.8 6.1%
Earnings Per Share	\$3.26	\$2.77

TEREX TS-24B Loadrunner





## Responsibilities for Financial Statements

The following financial statements of General Motors Corporation and Consolidated Subsidiaries were prepared by the management which is responsible for their integrity and objectivity. The statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on judgments of management.

The system of internal controls of General Motors Corporation and its subsidiaries is designed to assure that the books and records reflect the transactions of the companies and that its established policies and procedures are carefully followed. This system is augmented by written policies and guidelines, a strong program of internal audit, and the careful selection and training of qualified personnel.

Haskins & Sells, independent certified public accountants, are engaged to examine the financial statements of General Motors Corporation and its subsidiaries and issue reports thereon. Their examination is conducted in accordance with generally accepted auditing standards and includes a review of internal controls and a test of transactions. The Accountants' Report appears on page 23.

The Board of Directors, through the Audit Committee of the Board, is responsible for assuring that

management fulfills its responsibilities in the preparation of the financial statements and for engaging the independent public accountants with whom the Committee reviews the scope of the audits and the accounting principles to be applied in financial reporting. The Audit Committee meets regularly (separately and jointly) with the independent public accountants, representatives of management, and the internal auditors to review the activities of each and to ensure that each is properly discharging its responsibilities. To ensure complete independence, Haskins & Sells have full and free access to meet with the Audit Committee, without management representatives present, to discuss the results of their examination and their opinions on the adequacy of internal controls and the quality of financial reporting.



Chairman



Chief Financial Officer

## Statement of Consolidated Income

For The Years Ended December 31, 1977 and 1976  
(Dollars in Millions Except Per Share Amounts)

	1977	1976
<b>Net Sales</b>	\$54,961.3	\$47,181.0
Equity in earnings of nonconsolidated subsidiaries and associates (dividends received amounted to \$110.3 in 1977 and \$83.8 in 1976)	222.1	184.7
Other income less income deductions—net (Note 2)	68.1	271.9
<b>Total</b>	<b>55,251.5</b>	<b>47,637.6</b>
<b>Costs and Expenses</b>		
Cost of sales and other operating charges, exclusive of items listed below	44,441.1	38,031.4
Selling, general and administrative expenses	1,997.3	1,759.7
Depreciation of real estate, plants and equipment	974.0	939.3
Amortization of special tools	1,406.4	1,296.9
Provision for the Bonus Plan (Note 3)	161.0	139.7
United States, foreign and other income taxes (Note 5)	2,934.2	2,567.8
<b>Total</b>	<b>51,914.0</b>	<b>44,734.8</b>
<b>Net Income</b>	<b>3,337.5</b>	<b>2,902.8</b>
Dividends on preferred stocks	12.9	12.9
<b>Earned on Common Stock</b>	<b>\$ 3,324.6</b>	<b>\$ 2,889.9</b>
Average number of shares of common stock outstanding (in millions)	286.1	286.7
<b>Earned Per Share of Common Stock</b> (Note 6)	<b>\$11.62</b>	<b>\$10.08</b>

Reference should be made to notes on pages 19 through 23.



# Consolidated Balance Sheet

December 31, 1977 and 1976  
(Dollars in Millions)

<b>Assets</b>	<b>1977</b>	<b>1976</b>
<b>Current Assets</b>		
Cash	\$ 293.4	\$ 427.8
United States Government and other marketable securities and time deposits— at cost, which approximates market:		
Held for payment of income taxes	715.3	1,519.5
Other	2,231.3	2,677.6
Accounts and notes receivable (Note 7)	4,681.1	3,959.1
Inventories	7,175.7	6,327.8
Prepaid expenses	860.4	560.8
<b>Total Current Assets</b>	<b>15,957.2</b>	<b>15,472.6</b>
<b>Investments and Miscellaneous Assets</b> (Note 8)	<b>2,351.7</b>	<b>1,909.1</b>
<b>Common Stock Held for the Incentive Program</b> (Note 3)	<b>146.5</b>	<b>99.6</b>
<b>Property</b>		
Real estate, plants and equipment (Note 10)	19,860.9	18,192.1
Less accumulated depreciation (Note 10)	12,679.4	11,883.0
Net real estate, plants and equipment	7,181.5	6,309.1
Special tools—less amortization	1,021.4	652.0
<b>Total Property</b>	<b>8,202.9</b>	<b>6,961.1</b>
<b>Total Assets</b>	<b>\$26,658.3</b>	<b>\$24,442.4</b>

## **Liabilities and Stockholders' Equity**

### **Current Liabilities**

Accounts, drafts and loans payable	\$ 3,719.1	\$ 3,067.4
United States, foreign and other income taxes payable	887.5	1,651.5
Accrued liabilities	3,720.3	3,197.1

<b>Total Current Liabilities</b>	<b>8,326.9</b>	<b>7,916.0</b>
----------------------------------	----------------	----------------

<b>Long-Term Debt</b> —less unamortized discount (Note 11)	<b>1,068.2</b>	<b>1,044.0</b>
--	----------------	----------------

<b>Other Liabilities</b>	<b>1,023.5</b>	<b>617.8</b>
--------------------------	----------------	--------------

<b>Deferred Investment Tax Credits</b>	<b>368.2</b>	<b>286.2</b>
--	--------------	--------------

<b>Other Deferred Credits</b>	<b>104.6</b>	<b>193.2</b>
-------------------------------	--------------	--------------

### **Stockholders' Equity** (Notes 3 and 12)

Preferred stock (\$5.00 series, \$183.6; \$3.75 series, \$100.0)	283.6	283.6
Common stock	479.5	479.4
Capital surplus (principally additional paid-in capital)	772.1	770.3
Net income retained for use in the business	14,231.7	12,851.9

<b>Total Stockholders' Equity</b>	<b>15,766.9</b>	<b>14,385.2</b>
-----------------------------------	-----------------	-----------------

<b>Total Liabilities and Stockholders' Equity</b>	<b>\$26,658.3</b>	<b>\$24,442.4</b>
---	-------------------	-------------------

Reference should be made to notes on pages 19 through 23.  
Certain amounts for 1976 have been reclassified to conform with classifications for 1977.



# Statement of Changes in Consolidated Financial Position

For The Years Ended December 31, 1977 and 1976  
(Dollars in Millions)

	1977	1976
<b>Source of Funds</b>		
Net income	\$3,337.5	\$2,902.8
Depreciation of real estate, plants and equipment	974.0	939.3
Amortization of special tools	1,406.4	1,296.9
Deferred income taxes, undistributed earnings of nonconsolidated subsidiaries and associates, etc.—net	( 157.9)	56.2
Total current operations	5,560.0	5,195.2
Proceeds from issuance of long-term debt	130.7	113.6
Proceeds from disposals of property—net	110.7	92.8
Proceeds from sale of newly issued common stock	1.9	3.4
Other—net	120.8	41.9
<b>Total</b>	<b>5,924.1</b>	<b>5,446.9</b>
<b>Application of Funds</b>		
Dividends paid to stockholders	1,957.7	1,603.4
Expenditures for real estate, plants and equipment	1,870.9	998.9
Expenditures for special tools	1,775.8	1,308.4
Investments in nonconsolidated subsidiaries and associates	139.5	94.0
Retirements of long-term debt	106.5	279.6
<b>Total</b>	<b>5,850.4</b>	<b>4,284.3</b>
Increase in working capital	73.7	1,162.6
Working capital at beginning of the year	7,556.6	6,394.0
Working capital at end of the year	\$7,630.3	\$7,556.6
<b>Increase (Decrease) in Working Capital by Element</b>		
Cash, marketable securities and time deposits	(\$1,384.9)	\$1,242.1
Accounts and notes receivable	722.0	616.4
Inventories	847.9	636.9
Prepaid expenses	299.6	137.7
Accounts, drafts and loans payable	( 651.7)	119.6
United States, foreign and other income taxes payable	764.0	( 809.4)
Accrued liabilities	( 523.2)	( 780.7)
Increase in working capital	\$ 73.7	\$1,162.6

Reference should be made to notes on pages 19 through 23.  
Certain amounts for 1976 have been reclassified to conform with classifications for 1977.



## Note 1. Significant Accounting Policies

### Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and all domestic and foreign subsidiaries which are more than 50% owned and engaged principally in manufacturing or wholesale marketing of General Motors products. General Motors' share of earnings or losses of nonconsolidated subsidiaries and of associates in which at least 20% of the voting securities is owned is generally included in consolidated income under the equity method of accounting. Intercompany items and transactions between companies included in the consolidation are eliminated and unrealized intercompany profits on sales to nonconsolidated subsidiaries and to associates are deferred.

### Income Taxes

Investment tax credits allowable under the income tax laws are deducted in determining taxes estimated to be payable currently and are deferred and amortized over the lives of the related assets. The tax effects of timing differences between pretax accounting income and taxable income (principally related to depreciation, sales and product allowances, undistributed earnings of subsidiaries and associates, and benefit plans expense) are deferred, except that the tax effects of certain expenses charged to income prior to 1968 have not been deferred but are recognized in income taxes provided at the time such expenses become allowable deductions for tax purposes. Provisions are made for estimated United States and foreign taxes, less available tax credits and deductions, which may be incurred on remittance of the Corporation's share of subsidiaries' and associates' undistributed earnings included in the consolidated financial statements.

### Inventories

Inventories are stated generally at cost, which is not in excess of market. The cost of substantially all domestic inventories was determined by the last-in, first-out (LIFO) method, which was adopted in 1976. The cost of inventories outside the United States was determined generally by the first-in, first-out (FIFO) or the average cost method.

### Property, Depreciation and Amortization

Property is stated at cost. Maintenance, repairs, rearrangement expenses, and renewals and betterments which do not enhance the value or increase the basic productive capacity of the assets are charged to costs and expenses as incurred.

Depreciation is provided on groups of property using, with minor exceptions, an accelerated method which accumulates depreciation of approximately two-thirds of the depreciable cost during the first half of the estimated lives of the property. The annual group rates of depreciation are as follows:

<u>Classification of Property</u>	<u>Annual Group Rates</u>
Land improvements	5%
Buildings	3½%
Machinery and equipment	8⅓% (Average)
Furniture and office equipment	6% (Average)

Expenditures for special tools are amortized, with the amortization applied directly to the asset account, over short periods of time because the utility value of the tools is radically affected by frequent changes in the design of the functional components and appearance of the product. Replacement of special tools for reasons other than changes in products is charged directly to cost of sales.

### Pension Program

The Corporation and its subsidiaries have a number of pension plans covering substantially all employees. Benefits under the plans are generally related to an employee's length of service, wages and salaries, and, where applicable, contributions. The costs of these plans are determined on the basis of actuarial cost methods and include amortization of prior service cost over periods not exceeding 30 years. With the exception of certain overseas subsidiaries, pension costs accrued are funded.

### Product Related Expenses

Expenditures for advertising and sales promotion and for other product related expenses are charged to costs and expenses as incurred; provisions for estimated costs related to product warranty are made at the time the products are sold.

Expenditures for research and development are charged to expenses as incurred and amounted to \$1,451.4 million in 1977 and \$1,257.3 million in 1976.

### Accounting Change

In the first quarter of 1977, the Corporation implemented Statement No. 13 of the Financial Accounting Standards Board—Accounting for Leases. The effect of the adoption of this Statement was not material and, therefore, restatement of prior years' results was not necessary.

## Note 2. Other Income Less

<b>Income Deductions</b> (Dollars in Millions)	<b>1977</b>	<b>1976</b>
Other income:		
Interest income	\$310.3	\$274.6
Gains on foreign exchange	13.2	244.7
Other	54.2	41.1
Income deductions:		
Interest on long-term debt	( 86.2)	( 100.7)
Other interest	( 195.5)	( 183.3)
Other	( 27.9)	( 4.5)
Net	\$ 68.1	\$271.9

## Note 3. Incentive Program

The Incentive Program consists of the General Motors Bonus Plan, first approved by stockholders in 1918, and the General Motors Stock Option Plan, adopted in 1957. The By-Laws provide that the Plans shall be presented for action at a stockholders'



meeting at least once in every five years. The Incentive Program was last approved by stockholders at the 1977 Annual Meeting which resulted in minor modifications to the Bonus Plan. In addition, a new 1977 Stock Option Plan was adopted which eliminated the contingent credit feature linking the operation of the Bonus Plan and the prior Stock Option Plan.

The Corporation maintains a reserve for purposes of the Bonus Plan to which may be credited each year an amount which the independent public accountants of the Corporation determine to be 8% of the net earnings which exceed 7% but not 15% of net capital, plus 5% of the net earnings which exceed 15% of net capital, but not in excess of the amount paid out as dividends on the common stock during the year. However, for any year the Bonus and Salary Committee may direct that a lesser amount be credited. Bonus awards under the Bonus Plan and such other amounts arising out of the operation of the Incentive Program as the Committee may determine are charged to the reserve.

For the year 1977, the Bonus and Salary Committee directed a credit to the Reserve for the Bonus Plan of \$161.0 million (the maximum permitted under the Bonus Plan formula as determined by the independent public accountants) as set forth in the following table:

(Dollars in Millions Except Per Share Amount)

## Computation of Net Capital

Stockholders' equity and long-term debt of General Motors Corporation at December 31, 1976	\$15,099.1
Add proportionate allowance for changes during 1977 in capital stock, capital surplus and long-term debt	( .4)
Net capital (as defined in the Bonus Plan)	<u>\$15,098.7</u>

## Computation of Net Earnings

Net income for 1977	\$ 3,337.5
Add provision for Bonus Plan	161.0
Add interest and discount on long-term debt	55.3
Deduct loss of rights to prior years' bonus awards and contingent credits	.4
Deduct prior unawarded bonus reserve restored to income	1.0

Net earnings (as defined in the Bonus Plan)	3,552.4
Deduct 7% of net capital (equivalent to \$3.46 per share of common stock)	1,056.9
Net earnings for bonus credit calculation	<u>\$ 2,495.5</u>

## Maximum Amount Which Could be Credited to Reserve

8% of the net earnings between 7% and 15% of net capital	\$ 96.6
5% of the net earnings which exceed 15% of net capital	64.4
Total amount available in the reserve for awards under the Bonus Plan	<u>\$ 161.0</u>

As indicated in the preceding table, the total unawarded reserve carried forward from 1976 in the amount of \$1.0 million was, in accordance with action taken by the Bonus and Salary Committee, restored to income in 1977, but was not included in net earnings for that year in determining the provision for the Bonus Plan. As a result, the total amount available for distribution will be the aforementioned \$161.0 million. Subject to final determination, the Committee has tentatively directed that the total of individual awards shall approximate the amount of the credit to the reserve related to 1977. As a result of tentative determinations of awards by the Committee, the amount provided was transferred to current liabilities and other liabilities at December 31, 1977.

If Bonus and Stock Option Plan participants fail to meet conditions precedent to receiving undelivered instalments of bonus awards and contingent credits (related to the prior Stock Option Plan), the amount of any such instalments is credited to income. Upon the exercise of stock options, any related contingent credits are proportionately reduced and the amount of the reduction is credited to income.

Changes during 1977 in the status of options granted under the Stock Option Plan are shown in the following table. The option prices are 100% of the average of the highest and lowest sales prices of General Motors common stock on the dates the options were granted as reported (1) on the New York Stock Exchange for options granted prior to 1976, and (2) on the Composite Tape of transactions on all major exchanges and non-exchange markets in the U.S. for options granted in 1976 and subsequent years. The options outstanding at December 31, 1977 expire ten years from date of grant. All options are subject to earlier termination under certain conditions.

The Corporation intends to deliver newly issued stock upon the exercise of any of the outstanding options. Of the 2,500,000 shares authorized for grant under the 1977 Stock Option Plan, 288,885 shares were granted and 220 shares were terminated during 1977. Thus, the maximum number of shares for which additional options might be granted was 2,211,335 at December 31, 1977.

		Shares Under Option				
		Changes During Year				
Year Granted	Option Price	Jan. 1, 1977	Granted	Exercised	Terminated	Dec. 31, 1977
1973	\$73.38	202,254	—	—	26,640	175,614
1974	50.00	254,096	—	30,664	8,034	215,398
1976	65.19	148,008	—	—	8,700	139,308
1977	66.57	—	288,885	—	220	288,665
Total		604,358	288,885	30,664	43,594	818,985

Common stock held for the Incentive Program is exclusively for payment of liabilities under the Incentive Program and is stated substantially at cost.

	1977		1976	
(Dollars in Millions)	Shares	Amount	Shares	Amount
Balance at Jan. 1	1,457,629	\$ 99.6	941,979	\$62.6
Acquired during the year	1,186,731	81.9	979,521	67.8
Delivered to participants	( 507,727)	( 35.0)	( 463,871)	( 30.8)
Balance at Dec. 31	2,136,633	\$146.5	1,457,629	\$99.6

## Note 4. Pension Program

The total pension expense of the Corporation and its consolidated subsidiaries amounted to \$1,207.7 million in 1977 and \$1,071.2 million in 1976. In the United States, the market value of trustee pension funds totaled \$6,311.3 million, and assets held under the insured part of the salaried employees' program totaled \$2,135.1 million at December 31, 1977.

The actuarially computed value of vested benefits of all plans exceeded the total of pension funds, at market, and balance sheet accruals as of December 31, 1977, by about \$3.5 billion. This amount represents the unfunded portion of the actuarially computed present value of pension benefits to which employees are entitled based on service as of December 31, 1977, and is calculated as if all employees were to terminate service as of that date. This figure is in excess of the estimated liability for benefits guaranteed under the Employee Retirement Income Security Act (ERISA) in the event of plan termination.



# Notes to Financial Statements (continued)

## Note 5. United States, Foreign and Other Income Taxes

(Dollars in Millions)	1977	1976
Taxes payable currently(a):		
United States Federal	\$2,468.3	\$2,007.2
Foreign	430.3	335.3
Other	292.9	228.7
Total	3,191.5	2,571.2
Taxes deferred—net:		
United States Federal	( 231.7)	( 26.2)
Foreign	( 94.9)	( 21.6)
Other	( 12.7)	( .8)
Total	( 339.3)	( 48.6)
Investment tax credits deferred—net:		
United States Federal	77.3	43.6
Foreign	4.7	1.6
Total	82.0	45.2
Total	\$2,934.2	\$2,567.8

(a) Investment tax credits deducted in determining taxes estimated to be payable currently amounted to \$170.8 million in 1977 and \$127.5 million in 1976.

## Note 9. General Motors Acceptance Corporation and Subsidiaries Condensed Consolidated Balance Sheet

(Dollars in Millions)

	1977	1976
Cash	\$ 342.3	\$ 279.4
Marketable Securities (market value, 1977—\$574.6; 1976—\$353.3)	532.7	293.6
Finance Receivables (including instalments maturing after one year: 1977—\$8,150.3; 1976—\$6,690.9; less unearned income: 1977—\$1,530.8; 1976—\$1,256.3; and allowance for financing losses: 1977—\$177.6; 1976—\$164.5)	22,582.6	18,696.4
Insurance Receivables	36.8	34.4
Unamortized Debt Expense	41.3	36.0
Other Assets	105.0	92.4
Total Assets	\$23,640.7	\$19,432.2
Notes, Loans and Debentures Payable Within One Year (less unamortized discount)	\$10,480.0	\$ 8,605.3
Accounts Payable and Other Liabilities		
General Motors Corporation and affiliated companies	2,496.6	2,173.8
Other	899.2	707.1
Total Accounts Payable and Other Liabilities	3,395.8	2,880.9
Notes, Loans and Debentures Payable After One Year (maturing prior to 2008—less unamortized discount)	6,602.1	5,201.6
Subordinated Indebtedness Payable After One Year (maturing prior to 1998—less unamortized discount)	1,474.6	1,309.6
Total Liabilities	21,952.5	17,997.4
Stockholder's Equity		
Preferred stock, \$100 par value (authorized and outstanding, 1,100,000 shares):		
6% cumulative	75.0	75.0
7¼% cumulative	35.0	35.0
Common stock, \$100 par value (authorized and outstanding, 1977—7,650,000 shares; 1976—6,150,000 shares)	765.0	615.0
Net income retained for use in the business:		
Balance at beginning of the year	709.8	625.6
Net income	205.4	161.2
Total	915.2	786.8
Cash dividends	102.0	77.0
Balance at end of the year	813.2	709.8
Total Stockholder's Equity	1,688.2	1,434.8
Total Liabilities and Stockholder's Equity	\$23,640.7	\$19,432.2

## Note 6. Earnings Per Share

Earnings per share of common stock are based on the average number of shares outstanding during each year. The effect on earnings per share resulting from the assumed exercise of outstanding options and delivery of bonus awards and contingent credits under the Incentive Program is not material.

## Note 7. Accounts and Notes Receivable

(Dollars in Millions)

	1977	1976
GMAC and subsidiaries (relating to current wholesale financing of sales of GM products, etc.)	\$2,496.6	\$2,173.8
Other trade and sundry receivables (less allowances)	2,184.5	1,785.3
Total	\$4,681.1	\$3,959.1

## Note 8. Investments and Miscellaneous Assets

(Dollars in Millions)

	1977	1976
Nonconsolidated subsidiaries:		
GMAC and subsidiaries (Note 9)	\$1,688.2	\$1,434.8
Dealerships (retail companies)	110.4	115.6
Other domestic and foreign subsidiaries	53.8	51.6
Associates (interests in overseas companies)	92.6	91.7
Other investments and miscellaneous assets —at cost (less allowances)	406.7	215.4
Total	\$2,351.7	\$1,909.1



# Notes to Financial Statements (continued)

## Note 10. Real Estate, Plants and Equipment and Accumulated Depreciation (Dollars in Millions)

	1977	1976
Real estate, plants and equipment:		
Land	\$ 255.7	\$ 250.5
Land improvements	646.9	613.1
Leasehold improvements—less amortization	23.9	23.8
Buildings	4,643.3	4,372.0
Machinery and equipment	13,149.5	12,303.0
Furniture and office equipment	286.7	180.4
Construction in progress	854.9	449.3
Total	\$19,860.9	\$18,192.1
Accumulated depreciation:		
Land improvements	\$ 406.5	\$ 381.6
Buildings	2,837.6	2,627.6
Machinery and equipment	9,242.6	8,726.2
Furniture and office equipment	143.4	98.3
Extraordinary obsolescence	49.3	49.3
Total	\$12,679.4	\$11,883.0

## Note 11. Long-Term Debt (Excluding Current Portion) (Dollars in Millions)

		1977	1976
GM—U.S. dollars:			
8.05% Notes	1985	\$ 300.0	\$ 300.0
8% Debentures	2005	300.0	300.0
Other	1979-2000	108.9	111.4
Consolidated subsidiaries:			
United States dollars	1979-86	256.0	254.0
British pounds	1979-92	59.5	50.2
Australian dollars	1980-83	34.2	—
German marks	—	—	10.6
Other currencies	1979-2004	16.7	24.6
Total		1,075.3	1,050.8
Less unamortized discount		7.1	6.8
Total		\$1,068.2	\$1,044.0

Maturities of long-term debt at December 31, 1977 for each of the five years through 1982 are (in millions): 1978—\$112.3 (included in current liabilities); 1979—\$128.6; 1980—\$74.3; 1981—\$65.0; and 1982—\$47.1.

## Note 12. Stockholders' Equity (Dollars in Millions Except Per Share Amounts)

### Capital Stock:

**Preferred Stock**, without par value (authorized, 6,000,000 shares), no change during the year:

\$5.00 series, stated value \$100 per share, redeemable at \$120 per share (issued, 1,875,366 shares; in treasury, 39,722 shares; outstanding, 1,835,644 shares)	\$ 183.6	\$ 183.6
\$3.75 series, stated value \$100 per share, redeemable at \$100 per share (issued and outstanding, 1,000,000 shares)	100.0	100.0

**Common Stock**, \$1⅓ par value (authorized, 500,000,000 shares):

Issued at beginning of the year (287,674,147 shares in 1977 and 287,617,041 shares in 1976)	479.4	479.3
Newly issued stock sold under provisions of the Stock Option Plan (30,664 shares in 1977 and 57,106 shares in 1976)	.1	.1
Issued at end of the year (287,704,811 shares in 1977 and 287,674,147 shares in 1976)	479.5	479.4
Total capital stock at end of the year	763.1	763.0

### Capital Surplus (principally additional paid-in capital):

Balance at beginning of the year	770.3	767.0
Proceeds in excess of par value of newly issued common stock sold under provisions of the Stock Option Plan	1.8	3.3
Balance at end of the year	772.1	770.3

### Net Income Retained for Use in the Business:

Balance at beginning of the year	12,851.9	11,552.5
Net income	3,337.5	2,902.8
Total	16,189.4	14,455.3

### Cash dividends:

Preferred stock, \$5.00 series, \$5.00 per share	9.2	9.2
Preferred stock, \$3.75 series, \$3.75 per share	3.7	3.7
Common stock, \$6.80 per share in 1977 and \$5.55 per share in 1976	1,944.8	1,590.5
Total cash dividends	1,957.7	1,603.4
Balance at end of the year	14,231.7	12,851.9

### Total Stockholders' Equity

\$15,766.9	\$14,385.2
------------	------------



# Notes to Financial Statements (concluded)

## Note 13. Segment Reporting

General Motors considers itself to be in a single industry broadly defined as transportation equipment. Net sales, net income, net assets and average number of employees in the United States and in locations outside the United States for 1977 are summarized below. Net income is after provisions for deferred income taxes

on unremitted earnings of operations outside the United States, less available tax credits and deductions, and appropriate consolidating adjustments for the geographic areas set forth below. Intercompany sales are made at negotiated selling prices.

	United States	Outside the United States				Total <sup>(1)</sup>
		Canada	Europe	Latin America	All Other	
(Dollars in Millions)						
<b>Net Sales:</b>						
Outside	\$43,514.3	\$3,149.8	\$5,573.3	\$1,440.2	\$1,283.7	\$54,961.3
Interarea	4,036.7	2,594.1	150.0	39.0	5.6	—
Total net sales	\$47,551.0	\$5,743.9	\$5,723.3	\$1,479.2	\$1,289.3	\$54,961.3
<b>Net Income (Loss)</b>	\$ 2,976.2	\$ 116.7	\$ 277.3	(\$ 4.9)	(\$ 19.9)	\$ 3,337.5
<b>Net Assets:</b>						
Assets:						
Total current assets	\$11,840.3	\$ 898.4	\$2,040.9	\$ 686.0	\$ 530.0	\$15,957.2
Real estate, plants and equipment	15,954.4	845.6	2,033.1	508.8	519.0	19,860.9
Accumulated depreciation	( 10,106.3)	( 505.9)	( 1,485.3)	( 199.7)	( 382.2)	( 12,679.4)
Special tools—less amortization	641.0	125.9	181.3	30.7	42.5	1,021.4
Other assets	2,123.3	5.4	122.1	107.6	182.5	2,498.2
Total assets	20,452.7	1,369.4	2,892.1	1,133.4	891.8	26,658.3
Liabilities:						
Loans payable	2.4	—	280.5	379.2	131.2	793.3
Other current liabilities	5,669.4	408.3	991.8	303.8	160.3	7,533.6
Total current liabilities	5,671.8	408.3	1,272.3	683.0	291.5	8,326.9
Long-term debt	786.3	—	64.7	163.5	53.7	1,068.2
Other liabilities and deferred credits	1,020.0	71.4	360.4	40.2	48.3	1,496.3
Total liabilities	7,478.1	479.7	1,697.4	886.7	393.5	10,891.4
Balance	12,974.6	889.7	1,194.7	246.7	498.3	15,766.9
Allied accounts	741.1	( 283.9)	( 218.3)	( 111.8)	( 127.1)	—
Net assets	\$13,715.7	\$ 605.8	\$ 976.4	\$ 134.9	\$ 371.2	\$15,766.9
<b>Average Number of Employees</b> (in thousands)	580	34	119	34	30	797

<sup>(1)</sup>After elimination of interarea transactions.

## Note 14. Contingent Liabilities

There are various claims and pending actions against the Corporation and its subsidiaries in respect of commercial matters, including warranties and product liability, governmental regulations including environmental and safety matters, civil rights, patent matters, taxes and other matters arising out of the conduct of the business. Certain of these actions purport

to be class actions, seeking damages in very large amounts. The amounts of liability on these claims and actions at December 31, 1977 were not determinable but, in the opinion of the management, the ultimate liability resulting will not materially affect the consolidated financial position or results of operations of the Corporation and its consolidated subsidiaries.

## Accountants' Report

Haskins & Sells  
Certified Public Accountants

1114 Avenue of the Americas  
New York 10036

General Motors Corporation, its Directors and Stockholders:

February 14, 1978

We have examined the Consolidated Balance Sheet of General Motors Corporation and consolidated subsidiaries as of December 31, 1977 and 1976 and the related Statements of Consolidated Income and Changes in Consolidated Financial Position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies at December 31, 1977 and 1976 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Haskins & Sells*



## Lines of Business

General Motors is a highly integrated business engaged primarily in the manufacture, assembly and distribution of motor-driven products, most of which relate to transportation equipment, which are classified as automotive, nonautomotive and defense and space. Substantially all of General Motors' products are marketed through retail dealers and through distributors and jobbers in the United States and Canada and through distributors and dealers overseas. To assist in the merchandising of

General Motors products, General Motors Acceptance Corporation and its subsidiaries offer financial services and certain types of automobile insurance to dealers and customers. The amount of net sales by classes of products attributable to United States operations and the amount of net sales attributable to Canadian and overseas operations are summarized for the five years ended December 31, 1977 as follows:

	1977	1976	1975	1974	1973
(Dollars in Millions)					
<i>Net Sales Attributable to:</i>					
United States operations					
Automotive products	\$44,317.0	\$37,069.6	\$26,137.3	\$23,446.7	\$28,116.6
Nonautomotive products	2,795.2	2,277.0	2,392.8	2,210.2	1,938.8
Defense and space	438.8	438.1	387.7	359.1	316.4
Total United States operations	47,551.0	39,784.7	28,917.8	26,016.0	30,371.8
Canadian operations	5,743.9	5,263.0	4,263.3	3,693.7	3,116.0
Overseas operations	8,399.1	7,495.2	7,227.3	5,968.8	5,779.0
Elimination of intercompany sales	( 6,732.7)	( 5,361.9)	( 4,683.5)	( 4,129.0)	( 3,468.5)
Total	\$54,961.3	\$47,181.0	\$35,724.9	\$31,549.5	\$35,798.3

Because of the high degree of integration, substantial inter-divisional and intercompany transfers of materials and services are made. Consequently, any determination of income by the classes of products or areas of operations shown above is necessarily arbitrary because of the allocation and reallocation of

costs, including corporate costs, benefiting more than one division or product. Within these limitations, the Corporation estimates that the percentage of net income attributable to the United States, Canadian and overseas operations for the five years ended December 31, 1977 is as follows:

	1977	1976	1975	1974	1973
<i>Percentage of Net Income Attributable to:</i>					
United States operations					
Automotive products	84%	79%	77%	81%	84%
Other products	5	3	8	8	2
Total United States operations	89	82	85	89	86
Canadian operations	3	6	9	11	5
Overseas operations	8	12	6	—	9
Total	100%	100%	100%	100%	100%

## Selected Quarterly Data

	1977 Quarters				1976 Quarters			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Dollars in Millions								
Net sales	\$13,552.9	\$14,880.6	\$11,426.8	\$15,101.0	\$11,421.9	\$12,527.1	\$10,161.9	\$13,070.1
Net income	903.4	1,096.6	402.0	935.5	800.5	909.0	396.5	796.8
Per Share Amounts								
Earned	3.14	3.82	1.40	3.26	2.78	3.16	1.37	2.77
Dividends	0.85	1.85	0.85	3.25	0.60	1.10	0.85	3.00
Stock Price Range*								
High	78.50	71.00	70.75	70.88	70.25	72.75	73.88	78.88
Low	66.38	65.88	64.75	61.13	57.75	66.13	63.13	67.25

\*Based on prices on the Composite Tape.

## Replacement Cost Information

In compliance with regulations of the Securities and Exchange Commission, the Corporation will include certain estimated replacement cost information for worldwide inventories, property, cost of sales, depreciation of plants and equipment, and amor-

tization of special tools in its Form 10-K report to be filed with the Commission. Stockholders who wish to obtain such information should request a copy of Form 10-K in accordance with the instructions on the inside front cover.



## Summary of Operations (Dollars in Millions Except Per Share Amounts)

	1977	1976	1975	1974	1973
Net sales	\$54,961.3	\$47,181.0	\$35,724.9	\$31,549.5	\$35,798.3
Equity in earnings of nonconsolidated subsidiaries and associates, and other income—net	290.2	456.6	( 11.1)	121.1	253.7
Cost of sales and selling, general and administrative expenses, exclusive of items listed below	46,438.4	39,791.1	31,223.4	28,282.5	29,442.2
Depreciation of real estate, plants and equipment	974.0	939.3	906.1	846.6	902.9
Amortization of special tools	1,406.4	1,296.9	1,180.1	858.4	1,081.0
Provision for the Bonus Plan	161.0	139.7	32.9	5.9	112.8
United States, foreign and other income taxes	2,934.2	2,567.8	1,118.2	727.1	2,115.0
Net income	3,337.5	2,902.8	1,253.1	950.1	2,398.1
Dividends on preferred stocks	12.9	12.9	12.9	12.9	12.9
Earned on common stock	3,324.6	2,889.9	1,240.2	937.2	2,385.2
Dividends on common stock	1,944.8	1,590.5	688.4	973.3	1,501.3
Net income retained in the year	\$ 1,379.8	\$ 1,299.4	\$ 551.8	(\$ 36.1)	\$ 883.9
Net income—percent of sales	6.1%	6.2%	3.5%	3.0%	6.7%
—percent of stockholders' equity	21.2%	20.2%	9.6%	7.6%	19.1%
Earned on common stock—per share	\$ 11.62	\$ 10.08	\$ 4.32	\$ 3.27	\$ 8.34
Dividends on common stock—per share	6.80	5.55	2.40	3.40	5.25
Net income retained in the year—per share	\$ 4.82	\$ 4.53	\$ 1.92	(\$ 0.13)	\$ 3.09
Average shares of common stock outstanding (in millions)	286.1	286.7	286.8	286.3	286.0
Dividends on capital stock as a percent of net income	58.7%	55.2%	56.0%	103.8%	63.1%

Management's discussion and analysis of operations for 1977, 1976 and 1975 appear on pages 12 and 14. The impact of inflation is discussed in the Letter to Stockholders on page 2.

## Additional Statistics (Dollars in Millions Except Per Share Amounts)

Expenditures for real estate, plants and equipment	\$ 1,870.9	\$ 998.9	\$ 1,200.9	\$ 1,458.5	\$ 1,163.4
Expenditures for special tools	\$ 1,775.8	\$ 1,308.4	\$ 1,035.6	\$ 1,095.6	\$ 941.0
Worldwide payrolls	\$15,270.8	\$12,908.5	\$10,028.4	\$ 9,771.4	\$10,308.5
Worldwide average number of employees (in thousands)	797	748	681	734	811
Common and preferred stockholders—Number (in thousands)	1,245	1,251	1,323	1,348	1,306
—Equity	\$15,766.9	\$14,385.2	\$13,082.4	\$12,530.6	\$12,566.8
Book value per share of common stock	\$ 53.82	\$ 49.02	\$ 44.50	\$ 42.58	\$ 42.71
Working capital	\$ 7,630.3	\$ 7,556.6	\$ 6,394.0	\$ 5,541.9	\$ 6,196.9

## Worldwide Factory Sales of Cars and Trucks (Units in Thousands)

Manufactured in the United States					
Passenger cars	5,259	4,883	3,680	3,592	5,251
Trucks and coaches	1,436	1,335	978	1,086	1,261
Total manufactured in the United States	6,695	6,218	4,658	4,678	6,512
Manufactured in Canada	777	715	595	642	580
Manufactured overseas*	1,596	1,635	1,376	1,370	1,592
Total factory sales of cars and trucks—all sources	9,068	8,568	6,629	6,690	8,684

\*Includes units manufactured by Isuzu Motors Limited under contract for and marketed by GM.

### 1977 Public Interest Report

Additional information on GM operations during 1977 in such areas as automotive emissions and fuel economy, automotive safety, industrial energy management, alternative auto engine developments, overseas operations, public transportation, equal employment opportunities, and environ-

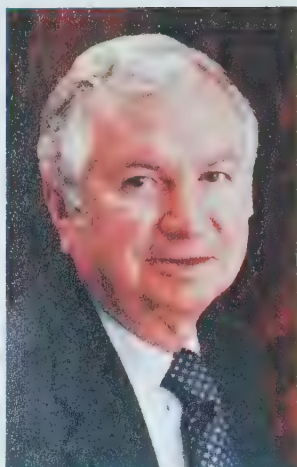
mental control programs will be available in a supplemental booklet "1977 General Motors Public Interest Report" after April 1. Stockholders wishing to receive a copy of this booklet may write to: General Motors Corporation, Room 11-229, General Motors Building, Detroit, Michigan 48202.



# Board of Directors



**ANNE L. ARMSTRONG**  
Former U.S. Ambassador  
to Great Britain  
*Joined Board in 1977*



**JOHN T. CONNOR**  
Chairman of the Board,  
Allied Chemical Corporation  
(Chemical, Fabricated  
and Energy Products)  
*Director—12 Years*



**JOHN D. deBUTTS**  
Chairman of the Board,  
American Telephone and  
Telegraph Company  
(Communications)  
*Director—1 Year*



**CATHERINE B. CLEARY**  
Chairman of the Board,  
First Wisconsin Trust  
Company  
(Trust Services)  
*Director—5 Years*



**ELLIOTT M. ESTES**  
President and Chief  
Operating Officer  
*Service—43 Years*  
*Director—5 Years*



**WALTER A. FALLON**  
Chairman of the Board,  
Eastman Kodak Company  
(Photographic Equipment,  
Chemicals and Fibers)  
*Director—5 Years*



**CHARLES T. FISHER, III**  
President,  
National Bank of Detroit  
(Banking)  
*Director—6 Years*



**RICHARD C.  
GERSTENBERG**  
Former Chairman,  
Board of Directors  
*Director—10 Years*



**SHEARON HARRIS**  
Chairman of the Board,  
Carolina Power &  
Light Company  
(Electric Utility)  
*Joined Board in 1977*



**ROBERT S. HATFIELD**  
Chairman of the Board,  
The Continental Group, Inc.  
(Packaging Products)  
*Director—4 Years*



**RAYMOND H. HERZOG**  
Chairman of the Board,  
Minnesota Mining and  
Manufacturing Company  
(Household and  
Industrial Products)  
*Elected to Board in January 1978*

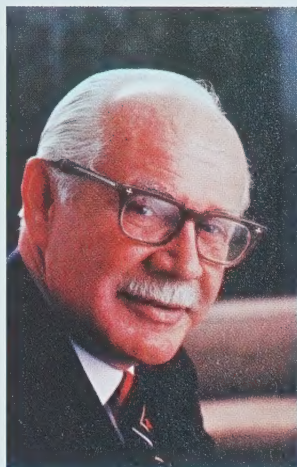


**REUBEN R. JENSEN**  
Executive Vice President  
Overseas Operations and  
Power and Appliance Group  
*Service—32 Years*  
*Director—3 Years*





**HOWARD H. KEHRL**  
Executive Vice President  
Technical Staffs  
Service—30 Years  
Director—3 Years



**W. EARLE McLAUGHLIN**  
Chairman and Chief  
Executive Officer,  
The Royal Bank of Canada  
(Banking)  
Director—11 Years



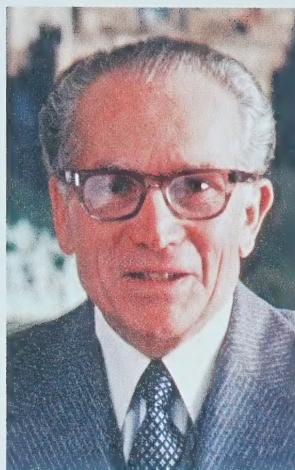
**JOHN A. MAYER**  
Former Chairman of the  
Board,  
Mellon Bank N.A.  
(Banking)  
Director—9 Years



**HOWARD J. MORGENS**  
Chairman Emeritus,  
The Procter & Gamble  
Company  
(Household and  
Industrial Products)  
Director—15 Years



**F. JAMES McDONALD**  
Executive Vice President  
North American  
Automotive Operations  
Service—37 Years  
Director—3 Years



**THOMAS A. MURPHY**  
Chairman, Board of Directors  
and Chief Executive Officer  
Service—40 Years  
Director—6 Years



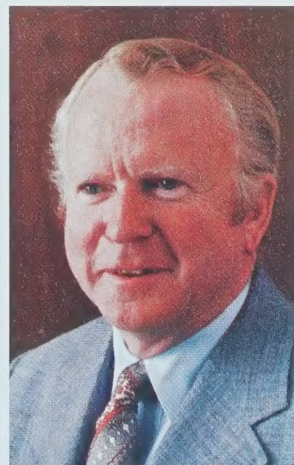
**ELLMORE C. PATTERSON**  
Chairman of the Executive  
Committee,  
Morgan Guaranty Trust  
Company of New York  
(Banking)  
Director—4 Years



**EDMUND T. PRATT, JR.**  
Chairman of the Board,  
Pfizer Inc.  
(Pharmaceutical Products,  
Cosmetics and Chemicals)  
Joined Board in 1977



**J. STANFORD SMITH**  
Chairman of the Board,  
International Paper Company  
(Paper and Wood Products)  
Director—1 Year



**ROGER B. SMITH**  
Executive Vice President  
Financial, Industry-  
Government Relations and  
Public Relations Staffs  
Service—29 Years  
Director—3 Years



**LEON H. SULLIVAN**  
Pastor, Zion Baptist Church  
of Philadelphia  
Director—7 Years



**RICHARD L. TERRELL**  
Vice Chairman,  
Board of Directors  
Service—40 Years  
Director—5 Years



**CHARLES H. TOWNES**  
Professor, University of  
California  
(Physics)  
Director—4 Years



**THE FINANCE COMMITTEE** includes both employe and non-employe Directors and is responsible for the determination of financial policies and the management of financial affairs including matters such as capital requirements and dividend payments.

THOMAS A. MURPHY <i>Chairman</i>	JOHN T. CONNOR	JOHN A. MAYER
ROGER B. SMITH <i>Vice Chairman</i>	ELLIOTT M. ESTES	HOWARD J. MORGENS
	WALTER A. FALLON	ELLMORE C. PATTERSON
	RICHARD C. GERSTENBERG	RICHARD L. TERRELL

**THE EXECUTIVE COMMITTEE** is composed entirely of employe Directors and is responsible for determining operating policies, including product plans and the need for capital expenditures.

ELLIOTT M. ESTES <i>Chairman</i>	REUBEN R. JENSEN	THOMAS A. MURPHY
RICHARD L. TERRELL <i>Vice Chairman</i>	HOWARD H. KEHRL	ROGER B. SMITH
	F. JAMES McDONALD	

**THE AUDIT COMMITTEE**, composed entirely of non-employe Directors, oversees the audit of the accounts through selecting and engaging the independent public accountants, with whom the Committee reviews the scope of the audits and the accounting principles to be applied in financial reporting, and by assuring that the internal controls are effective.

CHARLES T. FISHER, III <i>Chairman</i>	ANNE L. ARMSTRONG	EDMUND T. PRATT, JR.
	JOHN D. deBUTTS	LEON H. SULLIVAN
	W. EARLE McLAUGHLIN	CHARLES H. TOWNES

**THE PUBLIC POLICY COMMITTEE**, composed entirely of non-employe Directors, inquires into every phase of Corporate activities that relate to public policy and makes appropriate recommendations to management or the full Board.

CATHERINE B. CLEARY <i>Chairman</i>	ANNE L. ARMSTRONG	ROBERT S. HATFIELD
	JOHN D. deBUTTS	LEON H. SULLIVAN
	SHEARON HARRIS	CHARLES H. TOWNES

**THE BONUS AND SALARY COMMITTEE**, composed entirely of non-employe Directors, reviews executive compensation plans and benefit programs and determines compensation of Corporate officers and other members of the management group.

HOWARD J. MORGENS <i>Chairman</i>	JOHN T. CONNOR	RICHARD C. GERSTENBERG
	WALTER A. FALLON	JOHN A. MAYER

**THE NOMINATING COMMITTEE**, composed entirely of non-employe Directors, conducts continuing studies of the size and composition of the Board of Directors and recommends candidates for membership.

JOHN T. CONNOR <i>Chairman</i>	CATHERINE B. CLEARY	HOWARD J. MORGENS
	WALTER A. FALLON	ELLMORE C. PATTERSON
	JOHN A. MAYER	

THOMAS A. MURPHY  
Chairman and Chief  
Executive Officer

ELLIOTT M. ESTES  
President and Chief  
Operating Officer

RICHARD L. TERRELL  
Vice Chairman

#### EXECUTIVE VICE PRESIDENTS

REUBEN R. JENSEN  
HOWARD H. KEHRL  
F. JAMES McDONALD  
ROGER B. SMITH

#### VICE PRESIDENTS AND GROUP EXECUTIVES

MARTIN J. CASERIO  
Electrical Components Group

ROBERT W. DECKER  
Mechanical Components Group

GEORGE R. ELGES  
Car and Truck Group

JOSEPH E. GODFREY  
Body and Assembly  
Divisions Group

HAROLD L. SMITH  
Power and Appliance Group

#### VICE PRESIDENTS

ROBERT D. BURGER  
Marketing Staff

PAUL F. CHENEA  
Research Laboratories

PATRICK J. COLETTA  
Manufacturing Staff

DAVID C. COLLIER  
General Manager  
Buick Motor Division

ROBERT J. COOK  
General Manager  
Oldsmobile Division

ALEXANDER A. CUNNINGHAM  
General Manager  
General Motors Overseas  
Operations Division

THOMAS E. DARNTON  
Procurement, Production  
Control and Logistics Staff

ANTHONY G. De LORENZO  
Public Relations Staff

HENRY L. DUNCOMBE, JR.  
Chief Economist

STEPHEN H. FULLER  
Personnel Administration and  
Development Staff

PETER K. HOGLUND  
General Manager  
Electro-Motive Division



CHARLES KATKO  
General Manager  
GM Assembly Division

EDWARD C. KENNARD  
General Manager  
Cadillac Motor Car Division

JAMES E. KNOTT  
General Manager  
Detroit Diesel Allison Division

EMMETT B. LEWIS, JR.  
General Manager  
Frigidaire Division

ROBERT D. LUND  
General Manager  
Chevrolet Motor Division

ROBERT F. MAGILL  
Industry-Government  
Relations Staff

ALEX C. MAIR  
General Manager  
Pontiac Motor Division

DONALD H. McPHERSON  
President and General Manager  
General Motors of  
Canada Limited

GEORGE B. MORRIS, JR.  
Industrial Relations Staff

ROBERT A. NITSCHKE  
Associate General Counsel

PAUL D. PENDER  
General Manager  
Fisher Body Division

DAVID S. POTTER  
Environmental Activities Staff

IRVIN W. RYBICKI  
Design Staff

CHARLES J. SCANLON  
Coordinator of  
Pension Fund Investments

F. ALAN SMITH  
Financial Staff

OTIS M. SMITH  
General Counsel

ROBERT W. TRUXELL  
General Manager  
GMC Truck & Coach Division

JAMES G. VORHES  
Consumer Relations and  
Service Staff

FRANK J. WINCHELL  
Engineering Staff

#### STAFF OFFICERS

JOHN R. EDMAN  
Treasurer

ARCHIE M. LONG  
Comptroller

CAROL M. CONKLIN  
Secretary



*Opel Monza Coupe*



*Holden Torana Sedan*



*Vauxhall Cavalier GLS Coupe*

FRIGIDAIRE: (Left to Right) Touch-N-Cook Range, Trash Compactor, Custom Imperial Undercounter Dishwasher, Refreshment Center Refrigerator-Freezer





General Motors Corporation  
Detroit, Michigan 48202

